

103 Woodland Street
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TESTIMONY BEFORE THE APPROPRIATIONS COMMITTEE
REGARDING GOVERNOR MALLOY'S BUDGET PROPOSAL

March 4, 2011

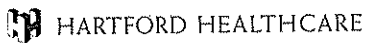
Senator Toni Harp and Representative Toni Walker, members of the Appropriations Committee, thank you for the opportunity to present testimony regarding Governor Malloy's budget and its impact on frail, elderly and disabled patients and their families receiving state funded home health services.

My name is Ellen Rothberg and I am President/CEO of VNA HealthCare, a not-for-profit home health and hospice agency founded in 1901. Our agency is committed to serving all patients regardless of their ability to pay. Over our 100+ year history we have managed to do just that but feel our ability to continue to do that is clearly in serious jeopardy.

VNA HealthCare serves 60+ towns in north central CT with our main offices serving the inner cities of Hartford, Waterbury, and Meriden. Each year we serve about 10,000 patients and 20% are Medicaid. As you all know, Medicaid rates do not cover the full cost, and in home health only cover about 70% of the full cost of providing care. Without any regular increases, the difference between cost and reimbursement is approximately \$1 M for our agency. While we have been able to support this loss as part of our mission by fundraising and grants, we have really cost shifted by using excess of revenue over expense from Medicare.

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So what has changed and why am I writing to you now during this period of the state's unprecedented fiscal challenges? Two reasons – first, Medicare reimbursement, the true subsidizer of the Medicaid program, has recently enacted a 6% cut in home health reimbursement and mandated additional cuts through 2014 of 4% per year. Our agency will lose approximately \$1 M in funding in the next twelve months; coincidentally, this is the same amount we lose serving Medicaid patients.

Secondly, the state has the opportunity now to develop a well thought out long-range plan to rebalance the long-term care delivery system from institutional care to the lower cost home health setting. It must be realistic about the assumptions regarding how proposed changes will result in savings. Money Follows the Person assumes that we have a viable, stable home health system ready and willing to take on these high level of care patients. This is a not a realistic assumption, and once again the state will be faced with not achieving the budgeted savings.

Unless we address the discrepancy between cost and reimbursement, agencies will evaluate the fiscal reality that accepting more Medicaid patients means losing more money. Whether you run a for-profit or a not-for-profit company you must make sound business decisions or face going out of business.

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At this time of escalating benefit costs, increasing high labor costs for a finite supply of therapists and nurses, who can afford to take on this burden of caring for the state's most vulnerable elderly? Our ability to attract and retain workers relies on our having competitive wages - that can't happen if we lose more money on Medicaid.

The solution is simple - develop a pilot which pays agencies their full cost and thereby incents them to take patients out of nursing homes. Yes, the state will save slightly less money, but it will achieve the goal of rebalancing and maybe even surpass it by working with the home health industry to implement a realistic plan.

This is a win-win for state, citizens and legislators. Rarely do you have a solution which makes sense and is what everyone wants - to stay at home with family and loved ones - and saves the state money.

Please seriously consider this idea and not make the knee jerk reaction that in a dire fiscal time we cannot increase payment. It makes sense to ensure that providers will be willing and able to take patients home. So unless Money truly does Follow the Person from long-term care to home health, I am certain we will all come up short.

Thank you very much.

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